

Adam Smith can rightly be considered one of the most influential thinkers of the Enlightenment. He studied moral philosophy at Oxford and in his mid-twenties conceived of an economic philosophy of the obvious and simple system of natural liberty which the world would come to know as capitalism. In response to the restrictive emphasis of mercantilism, Smith conceived of an expansive universe, full of opportunity for the individual or nation to exercise initiative, accumulate wealth, and serve others in the process. The following selection is an excerpt from his major work, The Wealth of Nations. It focuses on Smith's view of human nature and the "invisible hand" of competition as guide to an economic system based on individual self-interest. If one views the Industrial Revolution of the early 19th century and the birth of Marxism in 1848 and being directly influenced by Smith's theories, then his impact on the history of the 20th C. is immeasurable.

Excerpt from The Wealth of Nations

In civilized society, [man] stands at all times in need of the cooperation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals each individual, when it is grown up to maturity, is entirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is vain for him to expect it for their benevolence only. He will be more likely to prevail if he can interest their self-love in his favor, and show them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer... It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own interest.

An individual, therefore, endeavors as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labors to render the annual revenue of the society as great as he can. He generally indeed, neither intends to promote the public interest, nor knows how much he is promoting it... He intends only his own security; and by directing that industry in such a manner as is any other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectively than when he really intends to promote it. I have never known much good done by those who affected trade for the public good...

In every country it is and always must be the interest of the great body of the people to buy whatever they want of those who sell it the cheapest. ... This very competition, ... is advantageous to the great body of the people, who profit greatly besides by the good market .

Samuel Smiles was a best-selling author of inspirational books teaching self-reliance, thrift, and responsibility during the era of the Industrial Revolution in Great Britain. As was clear from the title, Self-Help—and other works that followed, including Character (1871), Thrift (1875), and Duty (1880)—were manuals of self-reliance and improvement. His status as an essentially self-made man who, through diligence and industry, had achieved success, considerably enhanced his authority to offer such advice.

Excerpt from Self Help, 1859

"Heaven helps those who help themselves" is a well-tried maxim, embodying in a small compass the results of vast human experience. The spirit of self-help is the root of all genuine growth in the individual; and, exhibited in the lives of many, it constitutes the true source of national vigour and strength. Help from without is often enfeebling in its effects, but help from within invariably invigorates. Whatever is done for men or classes, to a certain extent takes away the stimulus and necessity of doing for themselves; and where men are subjected to over-guidance and over-government, the inevitable tendency is to render them comparatively helpless.

Even the best institutions can give a man no active help. Perhaps the most they can do is, to leave him free to develop himself and improve his individual condition. But in all times men have been prone to believe that their happiness and well-being were to be secured by means of institutions rather than by their own conduct. Hence the value of legislation as an agent in human advancement has usually been much over-estimated.... Moreover, it is every day becoming more clearly understood, that the function of Government is negative and restrictive, rather than positive and active; being resolvable principally into protection-protection of life, liberty, and property. Laws, wisely administered, will secure men in the enjoyment of the fruits of their labor, whether of mind or body, at a comparatively small personal sacrifice; but no laws, however stringent, can make the idle industrious, the thriftless provident, or the drunken sober. Such reforms can only be effected by means of individual action, economy, and self-denial; by better habits, rather than by greater rights.

National progress is the sum of individual industry, energy, and uprightness, as national decay is of individual idleness, selfishness, and vice. What we are accustomed to decry as great social evils, will, for the most part, be found to be but the outgrowth of man's own perverted life; and though we may endeavor to cut them down and extirpate them by means of Law, they will only spring up again with fresh luxuriance in some other form, unless the conditions of personal life and character are radically improved. If this view be correct, then it follows that the highest patriotism and philanthropy consist, not so much in altering laws and modifying institutions, as in helping and stimulating men to elevate and improve themselves by their own free and independent individual action. . . .

Thomas Malthus assumed that the population tended forever to outgrow the resources needed to sustain it. The balance between population and its life-sustaining resources was elementally sustained he gloomily argued by famine, war, and other fatal calamities. As a clergyman, he believed in sexual abstinence as the means of limiting population growth. He also saw little need to better the condition of the poor, whom he considered the most licentious part of the population, because he believed that they would then breed faster and, by upsetting the population/resource balance, bring misery to all. This iron law of nature buttressed supporters of strict laissez faire who opposed government action to aid the poor.

Excerpt from Essay on Population, 1798

First: That food is necessity to the existence of man.

Secondly: That the passion between the sexes is necessary, and will remain in its present state.

I do not know that any writer has supposed that on this earth man will ultimately be able to live without food...towards the extinction of the passion of the sexes, no progress whatever has hitherto been made. It appears to exist in as much force at present as it did two thousand or four thousand years ago.

Population, when unchecked, increases in geometric ratio. Subsistence increases only in arithmetical ratio. Through the animal and vegetable kingdoms, nature has scattered the seeds of life abroad with the most profuse and liberal hand. She has been comparatively sparing in the room, and the nourishment necessary to rear them. The germs of existence contained in this spot of earth, with ample food, and ample room to expand in, would fill millions of worlds in the course of a few thousand years. Necessity, that imperious all pervading law of nature, restrains them within the prescribed bounds. The race of plants, and the race of animals shrink under this great restrictive law. And the race of man cannot, by any efforts of reason, escape from it. Among plants and animals its effects are waste of seed, sickness, and premature death. Among mankind, misery and vice.

Almost everything that has been hitherto done for the poor, has tended ... to hide from them the true cause of their poverty. When the wages of labor are hardly sufficient to maintain two children, a man marries and has five or six. He of course finds himself miserably distressed...He accuses his parish...He accuses the avarice of his parish...He accuses the avarice of the rich...He accuses the partial and unjust institutions of the society... The last person that he would think of accusing is himself.

..They themselves are the causes of their own poverty. ; the means of redress are in their own hands, and in the hands of no other persons whatever; that the society in which they live and the government which presides over it, are totally without power in this respect...However ardently the government may wish to relieve them, and whatever attempts they may make to do so, they are really and truly unable to execute....

David Ricardo (1772-1823), an English banker was also an important early economist. His most well-known argument was that wages “naturally” tend towards a minimum level corresponding to the subsistence needs of the workers. The attraction of this idea for factory owners is evident. It also influenced Marx in his early pessimistic views about the possibility of workers benefitting from capitalism.

Excerpt from The Iron Law of Wages, 1817

Labor, like all other things which are purchased and sold, and which may be increased or diminished in quantity, has its natural market price. The market price of labor is the price which is really paid for it from the natural operation of the proportion of the supply to the demand; labor is dear when it is scarce and cheap when it is plentiful. Like all other contracts, wages should be left to fair and free competition of the market and should never be controlled by the interference of the legislature. The clear and direct tendency of the poor laws is not as the legislature benevolently intended, to amend the condition of the poor, but to deteriorate the condition of both poor and rich. ...Whilst the present laws are in force, it is quite in the natural order of things that the fund for the maintenance of the poor should progressively increase until it has absorbed all the net revenue of the country, or at least so much of it as the state shall leave to us, after satisfying its own never-failing demands for the public expenditure.